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FOR IMMEDIATE RELEASE:

INDIANAPOLIS MAN SENTENCED TO 7 YEARS IN PRISON AND ORDERED TO MAKE $3.4 MILLION IN RESTITUTION IN MORTGAGE FRAUD SCHEME

Two Sentenced to Prison

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced today that KENNETH McKINNEY, 40, Indianapolis, Indiana, was sentenced to 84 months imprisonment late yesterday by U.S. District Judge Sarah Evans Barker following his previously entered guilty plea to conspiracy to commit wire fraud and conspiracy to commit money laundering. This case was the result of a four-year investigation by the Internal Revenue Service, U.S. Postal Inspection Service, and the Federal Bureau of Investigation,

According to Assistant United States Attorneys James M. Warden and Donna R. Eide, who prosecuted the case for the government, the evidence against McKINNEY established that McKINNEY was a licensed mortgage broker involved in a multi-million dollar mortgage fraud scheme that occurred in Indianapolis, Anderson, and other locations within the Southern

District of Indiana, and elsewhere. The fraud scheme utilized inflated appraisals of real property, loan applications with false information to make borrowers appear more creditworthy, and kickbacks to participants.

MCKINNEY was president and co-manager of American Savings Mortgage (ASM) with co-defendant Pamela Martinez. ASM was a mortgage brokerage company doing business in Indianapolis, Indiana. ASM obtained financing for the purchase of residential properties in cities throughout Indiana, including Indianapolis, Marion, Fairmount, Kokomo, and Anderson, from various financial institutions, including First Bank, Inc., of Louisville, Kentucky.

ASM would prepare false loan application packages for buyers and submit fraudulent documents to mortgage lenders in support of the buyers' loan application packages on the buyer's behalf. Relying on the inflated appraisals and false information in the loan applications, the lender, First Bank, would wire funds to Anchor Title in Anderson, Indiana. The transactions would close at Anchor Title. MCKINNEY and other co-conspirators would receive checks from the excess loan proceeds after closing the transactions.

MCKINNEY's role in the scheme was to bring together sellers, such as co-defendants Joseph Britton and Mark Speckman,(who were convicted on September 22, 2006, following a two-week trial) with the ultimate buyers of the real estate, who would pay an inflated purchase price based upon inflated appraisals procured by MCKINNEY. The sellers, Britton and Speckman, provided MCKINNEY a list of real property that they had available for sale which included the inflated values which needed to be used in order for Britton and Speckman to make a profit and for all the participants in the scheme to receive their kickbacks (called "referral fees" by the participants). McKINNEY provided this list of properties, which set forth the inflated value for the properties, to the appraiser, James Spicer, who has pled guilty in the case and awaits sentencing.

For example, in June or July 2002, defendant Britton found property for sale located at 948 N. Oakland Avenue in Indianapolis, Indiana, intending to buy and then sell the property to a third person using an inflated appraisal and purchase price and share the proceeds from the inflated selling price. At the same time, other defendants recruited Richard Pollett to be the second buyer of this property.

On or about July 10, 2002, MCKINNEY contacted James Spicer to falsely appraise the property located at 948 N. Oakland Avenue as being worth $60,000.00. Spicer provided the certified appraisal alleging that the property was valued at $60,000.00.

On or about July 11, 2002, Britton, doing business as Aspen Group, LLC, purchased the 948 N. Oakland Avenue property for its fair market value of $10,900. Pollett agreed to purchase the property at 948 N. Oakland Avenue in Indianapolis, Indiana for an inflated price of $48,000, which is 80% of the inflated value. Pollett received funds for his role as the purchaser.

In July 2002, in order to secure a loan for the inflated purchase price, ASM caused false information to be provided on behalf of Pollett to First Bank, Inc., for the purchase of the property. The false information included the inflated appraisal from Spicer and false information as to Pollett's income and employment, overstating his assets to make him appear more creditworthy.

On or about July 26, 2002, Britton purchased an official check from Union Federal Savings Bank in the amount of $7,029.18, to be used as Pollett's down payment for the purchase of the Oakland Avenue property, to further mislead the lender into believing Pollett would have equity in the property.

Based on false and fraudulent information provided to First Bank, Inc., that financial institution agreed to fund the loan to Pollett for the purchase of the Oakland Avenue property and, on or about July 26, 2002, caused funds in the amount of $46,532.22 to be wire transferred from First Bank, to the title agent, Anchor Title. After the loan closing at Anchor Title, the excess loan proceeds, that is, the difference between the fair market value of the property and the amount of the loan, were distributed in various amounts among the participants in the scheme as set forth herein.

On or about July 26, 2002, co-defendants Britton and Speckman sold a total of twenty-eight properties in Indianapolis to Pollett and co-defendant James McClung, via ASM. All of the loan closings included false financial information as described. A total of over $1.3 million dollars in fraudulently obtained loan proceeds was disbursed to three companies controlled by Britton and Speckman: Aspen Group, Pacific Group, and Home Source Investments.

After these funds were deposited into three separate accounts at Union Federal Bank, Britton and Speckman wrote 29 checks totaling approximately $430,000 to Senicure Investment Group to fund kickbacks to the other participants in the scheme. These checks were deposited into an account controlled by MCKINNEY at Bank One in the name of Senicure Investment Group. MCKINNEY then wrote a series of checks on the Senicure account from these proceeds to pay Martinez, McNair, Wilcox, himself, and indirectly, the buyers for their parts in the scheme. The Senicure account was used to hide the nature and source of these funds. MCKINNEY wrote himself a check for $71,000.

The scheme in which MCKINNEY participated involved a total of ninety-nine fraudulent loans, which resulted in a criminal loss figure of approximately $3,398,600.

Judge Barker also imposed 3 years supervised release following McKINNEY's release from imprisonment. McKINNEY was ordered to make restitution in the amount of $3.4 million.

Susan W. Brooks, United States Attorney for the Southern District of Indiana, also announced today that PATRICIA WILCOX-McCLUNG, 40, Kokomo, Indiana, was sentenced to 37 months imprisonment late yesterday by U.S. District Judge Sarah Evans Barker following her previously entered guilty plea to conspiracy to commit wire fraud and conspiracy to commit money laundering. WILCOX-McCLUNG recruited buyers in the scheme acting through a company called VP Development, and provided false documentation that the borrowers had jobs earning income that was submitted to the lender to obtain the loans.

Judge Barker also imposed 3 years supervised release following WILCOX-McCLUNG's release from imprisonment. WILCOX-McCLUNG was ordered to make restitution in the amount of $1,492,200.

Three defendants (Britton, Speckman and Michael C. Smith) await sentencing after their conviction at trial on September 22, 2006 in the mortgage fraud scheme. Seven more await sentencing following guilty pleas. Doris Walker Jones was sentenced to 21 months last week following her guilty pleas to conspiracy to commit wire fraud and money laundering in connection with the same scheme.

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